

LETTER OF UNDERSTANDING BANKED LEAVE TIME PROGRAM

1. Eligibility.

Permanent and limited-term, full-time, part-time, seasonal, and intermittent, probationary and non-probationary employees shall be required to participate in the Banked Leave Time Program (Program). Non-career employees are not eligible to participate in the Program.

2. Definitions and Description of Program.

An eligible employee shall work a regular work schedule, but receive pay for a reduced number of hours. The employee's pay shall be reduced by four (4) hours per pay period for full-time employees, and by a pro rata number of hours for less than full-time employees. The employee will be credited with a like number of Banked Leave Time (BLT) hours for each biweekly pay period.

3. Hours Eligible for Conversion to Program.

The number of BLT hours for which the employee receives credit shall be accumulated and reported periodically to participating employees. During the term of this Letter of Understanding, an employee shall not be able to accumulate in excess of 100 BLT hours. Accumulated BLT hours shall not be counted against the employee's annual leave cap, known as Part A hours under the annual and sick leave program.

The employee shall be eligible to use the accumulated BLT hours in a subsequent pay period in the same manner as annual leave, pursuant to Article 25.

4. Timing of Conversion of Unused Program Hours.

Upon an employee's separation, death or retirement from state service, unused BLT hours shall be contributed by the State to the employee's account within the State of Michigan 401(k) plan, and if applicable to the State of Michigan 457 plan. Such contributions shall be treated as non-elective employer contributions, and shall be calculated using the product of the following: (i) the number of BLT hours and, (ii) the employee's regular hourly rate in effect at the time of the contribution.

If the amount of a projected contribution would exceed the maximum amount allowable under Section 415 of the Internal Revenue Code (when combined with other projected contributions that count against such limit), the State shall first make a contribution to the employee's account within the State of Michigan 401(k) plan up to the maximum allowed, and then make the additional contribution to the employee's account within the State of Michigan 457 plan.

5. Insurances, Leave Accruals and Service Credits.

Retirement service credits, overtime compensation, longevity compensation, step increases, continuous service hours, holiday pay, annual and sick leave accruals will continue as if the employee had received pay for the BLT hours. Premiums, coverage and benefit levels for insurance programs (including LTD) in which the employee is

enrolled will not be changed as a result of participation in the Program. Employees shall incur no break in service due to participation in the Program. Subject to legislative approval, the Program is not intended to have an effect on the Final Average Compensation calculations under the State's Defined Benefit Plan nor the salary used for employer contribution calculations under the State's Defined Contribution Plan.

6. Relationship to Plan A and Plan C.

Before incurring unpaid Plan A or Plan C hours all BLT hours must be exhausted.

7. Term.

The Program shall be effective the pay period beginning October 26, 2003. The pay reduction and accrual provisions of this Letter of Understanding shall be in effect through the pay period ending October 9, 2004 unless extended by mutual agreement of the Parties.

**SEIU LOCAL 517M, TECHNICAL UNIT
LETTER OF UNDERSTANDING
ARTICLE 13
LAYOFF, REDUCTION OF HOURS, AND RECALL
FURLOUGH HOURS**

The layoff and recall provisions of Article 13 shall not apply to this Letter of Understanding.

1. Two scheduled unpaid furlough days in fiscal year 2003-04.

- A. All employees who do not occupy essential positions, as designated in the sole discretion of the employer, shall be furloughed without pay on January 2, 2004 (the day after New Year's day), and February 13, 2004 (day before President's Day weekend).

Any furloughed employee whose scheduled regular work hours exceed eight (8) on each of the above unpaid furlough days, may choose to either: 1) use accrued annual leave credits, BLT hours, or compensatory time to complete their scheduled day, or 2) accept lost time to complete their scheduled day.

Any employee who does not occupy an essential position whose scheduled regular day off falls on January 2, 2004, or February 13, 2004, shall be scheduled for eight (8) additional unpaid floating furlough hours, for each such day, during fiscal year 2004 in accordance with Section 3 below.

- B. All employees who occupy essential positions, as designated in the sole discretion of the employer, who are not furloughed on January 2, 2004, or February 13, 2004, shall be scheduled for eight (8) additional unpaid floating

furlough hours, for each such day, during fiscal year 2004 in accordance with Section 3 below.

2. One Paid Furlough Day In Fiscal Year 2003-04.

- A. All employees who do not occupy essential positions on December 26, 2003, as determined in accordance with the procedure outlined above, and are otherwise scheduled to work on that day, shall receive one (1) paid furlough day on December 26, 2003 (the day after Christmas).
- B. All employees who occupy essential positions on December 26, 2003, as determined in accordance with the procedure outlined above, who work on December 26, 2003, shall have eight (8) hours of leave added to their annual leave counter.
- C. All employees who are not scheduled to work on December 26, 2003, as a result of their regular day off, and do not work on that day, shall have eight (8) hours of leave added to their annual leave counter.

3. Unpaid Floating Furlough Hours.

In addition to 1. and 2. above, all employees shall be scheduled for and incur twenty (20) unpaid furlough hours during fiscal year 2004. Such hours shall be scheduled by mutual agreement of the employee and their supervisor in a manner similar to annual leave. Not more than eight (8) hours of mutually scheduled unpaid furlough hours may be scheduled in a week defined as Sunday through Saturday.

In the event that the requisite number of unpaid furlough hours have not been scheduled by February 1, 2004, the employer shall schedule the employee for the remaining hours. No more than eight (8) employer scheduled unpaid furlough hours may be scheduled in a pay period. Employees shall receive notice of such employer scheduled unpaid furlough hours at least fourteen (14) calendar days prior to the beginning of the pay period in which they are to be furloughed.

An employee who is furloughed in accordance with this letter of understanding shall not be entitled to any leave balance payoffs upon furlough, however, overtime compensation, longevity compensation, step increases, continuous service hours, holiday pay, annual and sick leave accruals will continue as if they were in full pay status. Premiums, coverage and benefit levels for insurance programs (including LTD) in which the employee is enrolled will not be changed as a result of participating in the furloughs.

LETTER OF UNDERSTANDING PRO-RATING OF FURLOUGH HOURS

The parties hereby affirm their intent that less than full-time employees and employees entering the Technical Bargaining Unit during the fiscal year 2004 shall have their required number of unpaid furlough hours pro-rated in accordance with the Civil Service Regulation applicable to non-exclusively represented employees.

NO LAYOFF GUARANTEE

The employer agrees that no employee in the SEIU Local 517M Technical bargaining Unit will be indefinitely or temporarily laid off and that full-time employees will not have their hours unilaterally reduced during fiscal year 2004. (Notwithstanding this guarantee, SEIU does not acknowledge any rights of the employer to reduce hours of full-time employees and contests any such claimed right.) In the unanticipated event that it becomes necessary to conduct indefinite or temporary layoffs of bargaining unit employees during fiscal year 2004, the employer shall inform SEIU local 517M as early as possible, but not less than thirty (30) calendar days in advance of the layoffs and discuss upon request the potential impact upon unit employees caused by such layoffs. Employee participation in the banked leave time program and the mandatory furlough program will be suspended for all employees in this bargaining unit for the remainder of the fiscal year, beginning with the first pay period following such notice. The suspension shall not affect participation in the mandatory furlough program prior to the suspension. All accrued bank leave time hours shall remain subject to the provisions of the letter of understanding.

Letter of Understanding Technical Unit Limited Term Appointments

When an employee has been in the same limited term appointment for 4,160 continuous service hours, the employee shall be made permanent, unless the employee is working in a project which has an established ending date. This provision shall not apply in the case of a continuing state employee who accepts an appointment to a limited term position in accordance with Article 13 Section B.

**LETTER OF INTENT
THE OFFICE OF THE STATE EMPLOYER
and
SEIU LOCAL 517M, TECHNICAL UNIT**

HOURS OF WORK AND OVERTIME

It is the Employer's intent that, wherever the Department's objective of teamwork will not be unreasonably disrupted by a one-half hour lunch period, if requested by a Technical Unit employee, a one-half hour lunch period shall be scheduled. In all other cases, where operationally feasible, a Technical Unit employee's request to be scheduled for a one-half hour lunch period will not be unreasonably denied. Denial of the request, or termination of approval, shall not be grievable.

**LETTER OF UNDERSTANDING
AMENDMENT TO STATE EMPLOYEES RETIREMENT ACT**

If the Legislature does not pass amendments to the State Employees Retirement Act to provide for Banked Leave Time hours and furlough hours to be treated as time worked and time paid for purposes of retirement the parties will meet to establish an appropriate process for addressing the resultant impact on retiring employees.

**SEIU LOCAL 517M, TECHNICAL UNIT
ARTICLE 16
ASSIGNMENT AND TRANSFER**

Section 4. Filling Vacancies.

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- C. Voluntary Demotion: Employees may voluntarily demote to a lower level within their current class series by placing their name on the transfer list, in accordance with Section 3, for any work location to which they are willing to accept a voluntary demotion. A request for voluntary demotion will be treated the same as a request for transfer in Section 5.A.1 below and the most senior person on the existing transfer roster shall be selected for the vacant position.

Section 5. Reassignment and Transfer Procedure

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- (5) Exceptions. The Employer shall not be required to transfer any of the following employees from a transfer list:
- a. An employee who has received a disciplinary suspension within one year preceding the date of the transfer request or during the

period between the application date and the date the employee is considered for transfer;

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**Office of the State Employer
And
SEIU Local 517M**

Memorandum of Understanding

During the discussions regarding concessions for Fiscal Year 2004, the parties agreed as follows:

The Office of the State Employer will seek to amend the State Employees Retirement Act to provide for Banked Leave Time hours and furlough hours to be treated as time worked and time paid for purposes of retirement.

The establishment of Alternate Work Schedules is a proper subject for department Labor Management meetings. In the event that SEIU Local 517M has unresolved concerns after such meetings, the Office of the State Employer will resolve the differences.

A committee will be established with representatives of the Scientific and Engineering Bargaining Unit and management to determine an appropriate transfer procedure for employees at the 12 level.

A committee will be established with representatives of SEIU Local 517M, the Office of the State Employer, and the Department of Civil Service Employee Benefits Division to study the escalating cost of prescription drugs and evaluate ways to control such costs.

SEIU Local 517M will be involved in discussions with the Office of the State Employer regarding the use of personal vehicles while on state business.

The Office of the State Employer will instruct the Departments to accept an employee's certification of the need for up to two weeks of sick leave upon birth of their child, prior to beginning any paternity leave.